

MICHIGAN CAMPAIGN FINANCE ACT (EXCERPT)
Act 388 of 1976

169.255 Segregated fund for political purposes; establishment by connected organization; limitations; solicitation of contributions; prohibited practices; contribution to separate segregated fund; violation; penalty; exception; definitions.

Sec. 55. (1) A connected organization may make an expenditure for the establishment or administration of, and solicitation, collection, or transfer of contributions to, a separate segregated fund to be used for political purposes. A separate segregated fund established by a connected organization under this section is limited to making contributions to, and expenditures on behalf of, candidate committees, ballot question committees, political party committees, political committees, independent committees, and other separate segregated funds.

(2) Contributions for a separate segregated fund established by a corporation, organized on a for profit basis, or a joint stock company under this section may be solicited from any of the following persons or their spouses:

(a) Stockholders of the corporation or company.

(b) Officers and directors of the corporation or company.

(c) Employees of the corporation or company who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities.

(3) Contributions for a separate segregated fund established under this section by a corporation organized on a nonprofit basis may be solicited from any of the following persons or their spouses:

(a) Members of the corporation who are individuals.

(b) Stockholders or members of members of the corporation.

(c) Officers or directors of members of the corporation.

(d) Employees of the members of the corporation who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities.

(e) Employees of the corporation who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities.

(4) Contributions for a separate segregated fund established under this section by a labor organization may be solicited from any of the following persons or their spouses:

(a) Members of the labor organization who are individuals.

(b) Officers or directors of the labor organization.

(c) Employees of the labor organization who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities.

(5) Contributions for a separate segregated fund established under this section by a domestic dependent sovereign may be solicited from an individual who is a member of any domestic dependent sovereign.

(6) Contributions shall not be obtained for a separate segregated fund established under this section by use of coercion or physical force, by making a contribution a condition of employment or membership, or by using or threatening to use job discrimination or financial reprisals. A connected organization shall not solicit or obtain contributions for a separate segregated fund established under this section from an individual described in subsection (2), (3), (4), or (5) on an automatic or passive basis including but not limited to a payroll deduction plan or reverse checkoff method. A connected organization may solicit or obtain contributions for a separate segregated fund established under this section from an individual described in subsection (2), (3), (4), or (5) on an automatic basis, including but not limited to a payroll deduction plan, only if the individual who is contributing to the fund affirmatively consents to the contribution.

(7) A contribution by an individual to a separate segregated fund that is aggregated with a dues or other payment to the connected organization may be collected by or made payable first to the connected organization for subsequent transfer to the separate segregated fund if all of the following occur:

(a) The individual making the contribution does either of the following:

(i) Specifically indicates in a record or electronic record that the amount collected, or a specified portion of the total amount if remitted as part of a dues or other payment to the connected organization, is a contribution to the separate segregated fund.

(ii) Fails to return a record or electronic record described in subparagraph (i), but remits payment to the connected organization in response to a specifically requested amount that includes a solicited contribution, the solicitation for a contribution was clearly distinguishable from any dues or other fees requested as part of the total, and the connected organization maintains a record or electronic record of the solicitation that includes the amount of the solicited contribution and the amount of any dues or other fees charged in conjunction with the solicitation for each contributor.

(b) The connected organization transfers the entire specified amount of any designated contribution, individually or aggregated with other contributions, to the separate segregated fund electronically or by written instrument. Any transfer of designated contributions shall be accompanied by or logically associated with a record or electronic record setting forth all information required under section 26 for each individual contributor whose contribution is transferred.

(c) The connected organization accounts for any contributions under this subsection in a manner that documents all of the following:

- (i) The identity of the individual contributor.
- (ii) The date, amount, and method of receipt for each individual contribution.
- (iii) The date, amount, and method of all transfers to the separate segregated fund.

(d) The connected organization and the separate segregated fund adopt a written policy governing the handling, accounting, and transfer of any contribution under this subsection.

(e) In connection with an investigation or hearing under section 15 regarding any contributions under this subsection, the connected organization voluntarily agrees to make available to the secretary of state any records described in subdivisions (a) to (d) and provides those records at the request of the secretary of state.

(8) Except as otherwise provided in subsection (10), a person who knowingly violates this section is guilty of a felony punishable, if the person is an individual, by a fine of not more than \$5,000.00 or imprisonment for not more than 3 years, or both, or, if the person is not an individual, by a fine of not more than \$10,000.00.

(9) If a corporation, joint stock company, domestic dependent sovereign, or labor organization that obtains contributions for a separate segregated fund from individuals described in subsection (2), (3), (4), or (5) pays to 1 or more of those individuals a bonus or other remuneration for the purpose of reimbursing those contributions, then that corporation, joint stock company, domestic dependent sovereign, or labor organization is subject to a civil fine equal to 2 times the total contributions obtained from all individuals for the separate segregated fund during that calendar year.

(10) If a violation of this section results solely from the failure of a connected organization to transfer 1 or more contributions, that connected organization is not guilty of a felony as described in subsection (8), but shall notify the contributor of the failure to transfer the contribution and refund the full amount of the contribution to the contributor if requested. The penalties described in subsection (8) apply to any other violation of this section, including use or diversion of any contributions by a connected organization for a purpose not described in subsection (7) before those contributions are transferred to the separate segregated fund.

(11) As used in this section:

(a) "Connected organization" means a corporation organized on a for-profit or nonprofit basis, a joint stock company, a domestic dependent sovereign, or a labor organization formed under the laws of this or another state or foreign country, or a member of any such entity that is not an individual.

(b) "Record" and "electronic record" mean those terms as defined in section 2 of the uniform electronic transactions act, 2000 PA 305, MCL 450.832.

(c) "Written instrument" means a money order, or a check, cashier's check, or other negotiable instrument, as those terms are defined in section 3104 of the uniform commercial code, 1962 PA 174, MCL 440.3104, in the name of the connected organization and payable to the separate segregated fund.

History: 1976, Act 388, Eff. June 1, 1977;—Am. 1994, Act 117, Eff. Apr. 1, 1995;—Am. 1995, Act 264, Eff. Mar. 28, 1996;—Am. 2012, Act 277, Imd. Eff. July 3, 2012;—Am. 2013, Act 252, Imd. Eff. Dec. 27, 2013;—Am. 2015, Act 269, Imd. Eff. Jan. 6, 2016.

Compiler's note: Section 2 of Act 264 of 1995 provides:

"If any portion of this amendatory act or the application of this amendatory act to any person or circumstance is found to be invalid by a court, the invalidity does not affect the remaining portions or applications of this amendatory act that can be given effect without the invalid portion or application, if those remaining portions are not determined by the court to be inoperable. To this end, this amendatory act is declared to be severable."